FINANCE

1. Overview

Mission

The mission of the Department of Finance is to foster an environment for stable, effective and efficient government by:

1. Acquiring and managing the necessary financial resources to ensure delivery of programs and services to residents in an affordable, sustainable and accountable manner.

2. Maintaining a fair and stable taxation regime that meets the needs of individuals and businesses, supports a strong economy, and is responsive to economic, social and environmental matters.

3. Managing the information resources of the government.

4. Manage liquor distribution and sales, and enforce liquor legislation and regulations.

Goals

1. A strong sustainable financial position for the Government of the Northwest Territories.

2. The fiscal regime of the Northwest Territories supports a stable political environment and a strong economy that is able to address key social, economic and environmental initiatives.

3. The Government of the Northwest Territories has the fiscal and financial information and analysis necessary to support policy development and decision making.

4. The Government of the Northwest Territories' assets and liabilities are managed effectively.

5. The Government of the Northwest Territories is organized for maximum efficiency.

6. The Department of Finance is responsive to client needs.

7. Public confidence in the prudence and integrity of the Government of the Northwest Territories is maintained through a financially open and accountable government.

Key Activities

- Deputy Minister's Office
- Fiscal Policy
- Budget, Treasury and Debt Management
- Office of the Comptroller General
- Office of the Chief Information Officer
- Liquor Revolving Fund

2. EMERGING ISSUES

Economic Environment

The economic environment in the NWT is challenging. The economy of the NWT grew modestly over 2010 and 2011 but has not recovered its 2007 pre-recession levels of activity. Real Gross Domestic Product (GDP) for 2012 is being forecasted to decline in the NWT by 7.5 per cent from 2011, which is 24.8 per cent below its 2007 level.

Diamond production, which is the main private sector economic activity in the NWT, declined 7.1 per cent in 2011 and is down approximately 40 per cent from 2007 levels.

Recovery of the NWT labour market remains strong. In December 2011 the NWT seasonally adjusted employment rate was 69.8 per cent, up from 68.3 per cent in December 2010. The pre-recession peak for NWT employment was reached in March 2007 at 75.9 per cent; a level to which the NWT has not yet recovered.

Seasonally adjusted NWT retail trade for the first ten months of 2011 decreased 0.1 per cent from the same period in 2010 and remains 2.3 per cent below 2008 levels. The pre-recession peak for NWT retail trade was reached in the first quarter of 2008, which was earlier than the peak for Canada. The NWT retail trade has not recovered to its pre-recession level.

Consumer prices increased by 3.5 per cent from January 2011 to December 2011, driven in part by increases of 6.8 per cent in transportation and 4.4 per cent in shelter. By comparison, national consumer prices increased 2.3 per cent over the same time period. Commodity prices increased an estimated 10.0 per cent from 2010 to 2011. The prices of gold, diamonds and oil have been trending upwards, but declined slightly over the latter half of 2011, and natural gas prices continue their downward trend.

Mineral exploration has been declining in the NWT. In 2007 NWT mineral exploration and deposit appraisal expenditures were valued at $193.7 million, which was 6.8 per cent of the Canadian total. By 2011 NWT mineral exploration and deposit appraisal expenditures declined to an estimated $81.8 million, representing 2.2 per cent of the Canadian total. For comparison, from 2007 to 2011 Yukon mineral exploration and deposit appraisal expenditures increased from $144.7 million, to an estimated $309.2 million, growing from 5.1 per cent of the Canadian total to 8.2 per cent. Nunavut mineral exploration and deposit appraisal expenditures were $338 million or 11.9 per cent of the Canadian total in 2007 and were $396 million or 10.5 per cent of the Canadian total in 2011.

Fiscal Environment

Fiscal Sustainability was identified as a strategic priority in the Department of Finance Strategic Action Plan 2009-2012 (Strategic Plan). Finance will need to be in the forefront to develop and implement fiscal strategies that will enable the GNWT to achieve its goals.

The fiscal environment is projecting GNWT revenues to grow, on average, by about 4.5 per cent annually over the five-year period from 2011-12 to 2015-16, with an average of 78 per cent of those revenues expected to come from federal transfers. The revenue forecasts are based on the premise that the economic recovery will be slow and NWT employment, corporate profits and government revenues will recover even more slowly and no additional federal revenues are expected beyond the increases called for in federal legislation.

In order to achieve operating surpluses for each year of the Business Planning period, the GNWT's fiscal strategy calls for the following:

- Starting in 2011-12, expenditure growth (both forced growth and new investments) will be capped at 3 per cent annually, or about $32 million.
- For 2012-13 planning purposes, GNWT capital investment will be held at $75 million.
- Further realignment of program expenditures may be identified through program reviews.
- Short term debt will be incurred, and some long-term debt may be considered, but will be sustainable within the *Fiscal Responsibility Policy*.

In March 2012, it was announced that the federally imposed borrowing limit would be raised to $800 million from $575 million. The increased borrowing limit does not change the GNWT's current fiscal strategy, as despite the relief on the borrowing limit level; a debt repayment strategy must be developed.

Funding under Territorial Formula Financing, the Canada Health Transfer and the Canada Social Transfer is set by federal legislation until March 31, 2014. In December 2011, the federal Finance Minister announced the renewal terms of the Canada Health Transfer and the Canada Social Transfer to the end of 2023-24 and announced that Territorial Formula Financing will continue under current formulas until March 31, 2019; representing a new 5-year agreement. Federal-territorial finance officials will continue to review the technical aspects of Territorial Formula Financing and decisions on technical improvements will be considered in 2013, once the technical review is completed.

The GNWT continues to discuss the final devolution agreement for the management of non-renewable resources with Canada and NWT Aboriginal governments. When the final devolution agreement is reached, the GNWT and Aboriginal governments will receive some revenue from non-renewable resource royalties. While negotiations continue, the actual transfer of program authority and revenues will not occur before 2012-13 at the earliest.

The GNWT, Canada and a number of Aboriginal groups are currently discussing self-government agreements. Such agreements may include provisions for transferring GNWT funding and some tax room to future Aboriginal governments. The Department provides support to the GNWT negotiating and implementation teams with respect to taxation jurisdiction and other financial transfer matters.

Modern Management

Modern Management is a reform focused on the sound management of resources and effective decision-making. Its focus goes beyond the financial accountability that was traditionally associated with the comptrollership activity and involves not only financial officers, but includes all departmental managers. Modern management aspects of comptrollership seek to ensure:

- A stronger focus on ethical behavior,
- The adoption of formal risk management practices,
- Improved accountability and stewardship of resources, and
- A greater focus on the results being achieved for the dollars spent through integrated performance information, both financial and non-financial.

Modern Management was identified as a strategic priority in the Departments' Strategic Plan. Enabling modern management practices within the GNWT is a long-term commitment that will require ongoing support and active departmental participation. The degree to which modern management principles become an integral part of the GNWT business culture will directly impact

the ultimate success of the overarching management reforms. A supporting framework of legislation, policy, information systems and skilled government staff are critical components of a modern management environment.

The Department is building this framework by undertaking a re-write and modernization of the *Financial Administration Act* (FAA) with corresponding changes to the policies, directives and procedures that support the Act. A legislative proposal will be brought forward in 2012-13 with new legislation being submitted to the Legislative Assembly in 2013-14.

The replacement in 2009 of the GNWT's 25 year-old financial information system with the new System for Accountability and Management (SAM) and increased use of its enhanced capabilities has provided managers and decision makers with better tools to support the GNWT's information, analytical, reporting and business requirements. Ongoing training of staff and adjustments to the system continually increase the effectiveness of the system.

A current initiative to introduce Financial Shared Services to the GNWT will create shared financial processing centres in Headquarters and the Regions. Financial Shares Services will facilitate the achievement of a single point of responsibility for financial transaction processing while also ensuring improvements in government-wide information and reporting in support of transparency and decision-making; improvements in the quality of internal service delivery to managers and employees; elimination of duplication and unnecessary processes; and gains in efficiencies through a single government-wide service with standard operational processes that will leverage skilled resources.

Building upon this modern management framework, the Department, in partnership with GNWT departments, will be looking to strengthen the existing capabilities of our public service so that better decisions are made, better service provided to clients, and effective measures and reports on results are available to the public and stakeholders. Advancement of this objective will require managerial and professional capacity development along with the acceptance of new and changing responsibilities. It will also require the development of systems, policies and controls that better support the reporting of integrated performance information, risk-based management practices, appropriate accountabilities and an ethics and values foundation that enables managers and staff to choose the right course of action when faced with ethical dilemmas.

Achieving a desired state of modern management within the GNWT will at times be resource intensive but the benefits will be realized over a prolonged period of time. Therefore it is critical that the focus be on the end goal rather than on shorter term results and payback.

Technology

Rapid advances continue to be made in Information and Communications Technology (ICT) throughout the world that are changing the way we do business and live our lives. Improvements to northern communications infrastructure have come a long way in the last decade, providing a significant percentage of northerners with access to high-speed internet connectivity. However, there remains a significant gap in the level of service compared to most other jurisdictions in Canada. Improvements in technology, increasing public awareness and recognition from regulatory bodies are leading to changes in the competitive environment in the north. Increased competition could lead to greater technological advances across our territory and the technology required maintaining pace with industry will have to evolve. This, combined with the next generation of northern youth comfortable with technology, will result in increased expectations for access to GNWT programs and services online.

Technology is viewed as a crucial enabler in overcoming the challenges of delivering a broad range of programs and services to a population with diverse needs spread over a large geographic area. A coordinated effort is needed to ensure that the use of these technologies across government is done both efficiently and effectively and that access to basic infrastructure, particularly data networks, is universally available. This level of coordination not only has to occur across the GNWT but involve all other stakeholders, particularly federal, territorial and aboriginal governments.

In anticipation of the demand, both internal and external, for technology-enabled program delivery, the GNWT must ensure that it is in a position to respond. By continuing to refine the management of the GNWT's information resources we can improve the quality of information available for the management of the organization. Information must also be managed throughout its lifecycle – from acquisition to disposition – the same as is done with other resources (e.g. human or financial). Technology can be employed to ensure that the correct information is being captured, delivered to the right people at the right time, and disposed of when no longer required. Technology can also be employed to enhance GNWT program and service delivery. This is currently being demonstrated in the areas of Tele-Health and Distance Education and will continue to increasing as technology evolves.

NWT residents also have an expectation that their personal information that is held in trust by the GNWT is managed with the highest expectations of security and privacy. With increasing amounts of personal data being retained in electronic formats, that are both portable and readily replicated, the associated security risks must be managed with all due diligence.

Program Cost Drivers

Risk Management & Insurance

The general liability insurance market continues to offer stable pricing, which is generally expected to be flat to 5 per cent higher, based on loss history and risk exposures. The property insurance market also remains stable, and should offer modest rate decreases, again based on loss experience. The continued emphasis on accurate replacement values for insured assets will ensure accurate premium calculations. The consequences of the catastrophic property losses experienced worldwide in 2011 may have some impact on overall insurance rates however it is not possible to determine the impact. The construction insurance market is competitive; issues regarding major renovations to existing structures will continue to have negative pressure on premium charges. The collection of accurate underwriting information is of critical importance in securing competitive rates.

An Insurance Valuation Assessment and Risk Retention Review produced by the GNWT's insurance brokers may provide opportunities for savings in insurance costs through the creation of a fully funded self-insured fund for specified losses and claims. The analysis of the Review will be completed early in 2012 which will inform the course of action the Department may pursue.

The Property Replacement Cost program has completed its first cycle, establishing accurate replacement cost values for most major GNWT infrastructure. The program continues with the re-appraisal of highest value structures to ensure values remain accurate.

Borrowing and Interest Rates

GNWT borrowing costs are impacted by both interest rates and the principal amounts borrowed.

The GNWT is expecting that its short-term borrowing requirements will peak over the next two years. As a result of timing of cash flows, the GNWT is expected to have surplus cash during the early part of the fiscal year, with reserves being drawn down and over the course of the year requiring short

term borrowing until the beginning of the next fiscal year. This will result in increased borrowing costs, which could increase further if interest rates increase.

Interest rates have remained steady since September 2010. The prime rate being charged by Canada's major chartered banks is at 3.00 per cent. Forecasts prepared by the economic departments of the major banks suggest rates will be on hold for at least another year. The sovereign debt crisis in Europe and the pace of economic recovery in the U.S. are external factors impacting Canada's monetary policy. The Bank of Canada, which sets the key rate used in establishing interest rates, maintains there is considerable monetary policy stimulus in place.

Territorial Power Subsidy Program

The Territorial Power Subsidy Program (TPSP) is designed to encourage private home ownership in the Northwest Territories by providing for equitable power rates for private residential power customers. In accordance with this policy, the TPSP provides a subsidy to NWT residents of communities where power rates are higher than those in Yellowknife.

This subsidy structure is supported by direct Government funding to both power suppliers. The Northwest Territories Power Corporation (NTPC) has received funding to reduce its low-water stabilization fund and Northland Utilities Limited (NUL) has received funding to offset the higher cost of providing power to thermal communities served by them. The GNWT is foregoing dividends from NTPC to reduce the stabilization fund.

Support to the NWT Power Corporation

General Rate Application

NTPC is preparing a new General Rate Application (GRA) that is expected to seek around $102.2 million in 2012-13 and $107.5 million in 2013-14 in order to address significant cost pressures experienced since the last GRA in 2007-08.

To ensure there would not be an adverse impact on the cost of living in NWT communities, the GNWT will be providing financial support to NTPC to ensure the required rate increases are phased in over three years.

Inuvik Gas Issue

Ikhil Joint Ventures (IJV) has confirmed the latest natural gas reserve estimates to be 1.2 years as of December 31, 2011. These estimates are based on a 90 per cent confidence interval and are not guaranteed.

The GNWT directed NTPC to reduce its gas consumption by serving Inuvik's electrical load with 100 per cent diesel, starting in 2012. Given the lower reserve estimates, additional steps may need to be taken to increase the reserve life and provide the time needed to assess and recommend a longer term solution to energy supply in Inuvik.

3. 2012-13 Planning Information

The detailed description of planned activities for the department includes the following sections:

a) **Fiscal Position and Budget** provides information on the department's operation expenses and revenues.

b) **Key Activities** describes the department's major programs and services, including strategic activities, as well as results to date and measures.

c) **Putting Priorities into Action** describes current major activities the department is leading in supporting the priorities identified by the 17th Assembly.

d) **Infrastructure Investments** gives an overview of the department's planned infrastructure investments for 2012-13.

e) **Legislative Initiatives** provides a summary of the department's legislative initiatives during the 17th Legislative Assembly as well as initiatives planned for 2012-13.

f) **Human Resources** includes overall statistics and position reconciliation, information on capacity building activities as well as departmental training and development.

g) **Information Systems and Management** describes department-specific information and management systems as well as major initiatives planned for 2012-13.

a) Fiscal Position and Budget

Departmental Summary

(thousands of dollars)

	2012-2013 Main Estimates	2011-2012 Revised Estimates	2011-2012 Main Estimates	2010-2011 Actuals
OPERATIONS EXPENSE				
Deputy Minister's Office	85,991	69,278	66,102	64,514
Fiscal Policy	23,494	22,129	22,169	23,385
Budget, Treasury and Debt Management	11,567	14,348	10,150	6,841
Office of the Comptroller General	18,633	20,320	21,514	23,326
Office of the Chief Information Officer	2,436	1,938	2,054	1,522
TOTAL OPERATIONS EXPENSE	142,121	128,013	121,989	119,588
REVENUES	1,411,060	1,279,235	1,271,087	1,221,344

OPERATION EXPENSE SUMMARY

	Main Estimates 2011-2012	PROPOSED ADJUSTMENTS: Forced Growth	Initiatives	Sunsets and Other Adjustments	Internal Reallocations of Resources	Proposed 2012-2013 Main Estimates
Deputy Minister's Office						
Deputy Minister's Office	452	-	-	-	(14)	438
Policy & Planning	2,112	-	-	-	(31)	2,081
NWTHC Contribution Program	61,175	3,447	2,873	(2,037)	-	65,458
NWT Power Corp Contribution	-	-	-	15,600	-	15,600
Financial Shared Services	2,363	4	-	-	47	2,414
Total Activity	66,102	3,451	2,873	13,563	2	85,991
Fiscal Policy						
Fiscal Policy	22,169	-	-	1,410	(85)	23,494
Total Activity	22,169	-	-	1,410	(85)	23,494
Budget, Treasury and Debt						
Deputy Secretary	265	-	-	(14)	-	251
Management Board Secretariat	1,358	-	-	-	51	1,409
Treasury						
Management	489	-	-	-	(17)	472
Banking & Cash Management	3,974	1,300	-	-	1	5,275
Risk Management & Insurance	2,853	-	-	-	10	2,863
Tax Administration	1,211	98	-	-	(12)	1,297
Total Activity	10,150	1,398	-	(14)	33	11,567
Office of the Comptroller General						
Comptroller General	273	-	-	-	6	279
Accounting Services						
Management	413	-	-	-	3	416
Financial Policy	133	-	-	-	1	134
Financial Reporting & Collections	973	-	-	-	(4)	969
SAM Sustainment	2,099	62	-	-	66	2,227
Territorial Power Subsidy Program	14,085	-	-	(3,000)	-	11,085
Internal Audit Bureau	1,584	-	-	-	(6)	1,578
Amortization	1,954	-	-	(9)	-	1,945
Total Activity	21,514	62	-	(3,009)	66	18,633
Office of the Chief Information Officer						
Chief Information Officer	1,913	384	-	-	(16)	2,281
Amortization	141	-	-	14	-	155
Total Activity	2,054	384	-	14	(16)	2,436
TOTAL DEPARTMENT	121,989	5,295	2,873	11,964	-	142,121

REVENUE SUMMARY

(thousands of dollars)

	2012-2013 Main Estimates	2011-2012 Revised Estimates	2011-2012 Main Estimates	2010-2011 Actuals
Grant from Canada	**1,070,023**	**996,143**	**996,143**	**919,872**
Transfer Payment				
Canada Health Transfer	29,552	30,299	26,450	21,042
Canada Social Transfer	15,003	14,614	14,711	14,401
	44,555	**44,913**	**41,161**	**35,443**
Taxation				
Personal Income Tax	90,441	89,603	94,048	85,167
Corporate Income Tax	74,976	20,311	14,303	56,818
Tobacco Tax	17,326	16,917	16,792	17,016
Fuel Tax	16,586	16,414	14,292	16,103
Payroll Tax	41,488	39,578	37,992	36,965
Property Taxes and School Levies	25,440	24,672	25,354	24,294
Basic Insurance Premium Tax	4,100	4,300	4,300	3,986
Fire Insurance Premium Tax	300	280	280	297
	270,657	**212,075**	**207,361**	**240,646**
General				
Liquor Commission Net Revenues	24,628	24,388	24,388	23,821
Housing - Interest	2	2	2	1
NSF Handling Fees	4	4	4	1
Debt Settlement	4	20	20	34
Loan Repayment	-	-	278	181
Investment Interest	614	1,007	1,007	717
Insurance License Fees	420	410	450	316
	25,672	25,831	26,149	25,071
Recoveries				
Insured and Third Party Recoveries	60	60	60	123
Investment Pool Cost Recoveries	80	200	200	189
Property Tax Administrator Fee	13	13	13	-
	153	273	273	312
	1,411,060	**1,279,235**	**1,271,087**	**1,221,344**

LIQUOR REVOLVING FUND

The Liquor Revolving Fund is established under the *Liquor Act* (Act) and provides working capital to finance the operations of the Liquor Licensing Board (Board), the Liquor Commission (Commission) and the administration and enforcement of the Act. The Liquor Licensing Board is responsible for the issuance of liquor permits. The Liquor Licensing and Enforcement Division provides support to the Board, is responsible for the enforcement of liquor-related regulations and restrictions, and assists communities in respect of matters arising under the Act. The Liquor Commission is responsible for the purchase, warehousing, distribution and sale of all alcoholic beverages in the Northwest Territories. The Board, Commission and Liquor Licensing and Enforcement are funded by the sale of alcoholic beverages.

	(thousands of dollars)			
	2012-2013 Main Estimates	2011-2012 Revised Estimates	2011-2012 Main Estimates	2010-2011 Actuals
Authorized Fund Limit	6,500	6,500	6,500	6,500
OPERATING RESULTS				
Income				
Liquor Sales	46,978	46,924	46,924	45,312
Less: Cost of goods sold	17,197	17,247	17,247	16,530
Gross profit from sale of liquor	**29,781**	**29,677**	**29,677**	**28,782**
Liquor Licensing fees	430	430	430	471
Other income	5	5	5	6
	30,216	**30,112**	**30,112**	**29,259**
Liquor Commission Expenses				
Agency Commissions	2,969	3,291	3,291	3,185
Compensation and Benefits	1,105	1,074	1,074	989
Other Expenses	875	726	726	547
Liquor Licensing Board and Enforcement Expenses				
Compensation and Benefits	360	394	394	362
Other Expenses	279	239	239	283
	5,588	**5,724**	**5,724**	**5,366**
NET REVENUES	**24,628**	**24,388**	**24,388**	**23,893**

Note 1: Any discrepancies between the "Net Revenues" actuals amounts reported above and the "Liquor Commission Net Revenues" actuals reported in the Revenue Summary are due to accounting policy differences with respect to Tangible Capital Asset thresholds and amortization methods of the NWT Liquor Commission and the GNWT.

b) Key Activities

DEPUTY MINISTER'S OFFICE

Description

The Deputy Minister's Office includes the Office of the Deputy Minister/Secretary of the Financial Management Board, the Policy and Planning Division and the Financial Shared Services Division.

The duties and responsibilities of the Deputy Minister of Finance/Secretary of the Financial Management Board are conducted as described in the *Financial Administration Act*. In addition, this Division directs the support of the Financial Management Board and provides financial and administrative leadership for the GNWT.

The Policy and Planning Division is responsible for: developing and maintaining departmental policies, the department's budget management program, and the records management program; the provision of information systems and information management support to the department; providing strategic advice on departmental performance and emerging issues and coordinating the department's involvement in the self-government and devolution processes.

The Financial Shared Services Division is responsible for providing a full suite of expenditure management services to the Departments of Finance, Executive, Human Resources and Aboriginal Affairs and Intergovernmental Relations.

Major Program and Services 2012-13

Financial Administration Act (FAA)
The last major review of the FAA was undertaken in 1987. As a result of changes in the operating environment and other issues that have arisen over time, the current FAA no longer effectively meets the needs of GNWT operations.

A legislative proposal was submitted into the legislative review process in 2011, however the legislative proposal was pulled and scheduled to be placed on the 17th Legislative Assemblies' legislative agenda. An updated legislative proposal is being reviewed and will be submitted into the legislative review process. Drafting instructions and an analysis of corresponding regulation changes are also being prepared. Work has also commenced on a broader restructuring of the Financial Administration Manual (FAM).

Northern Employee Benefits Services (NEBS) Pension Plan
The Department continues to work on solutions to the regulatory and financial issues affecting the NEBS Pension Plan. Research is currently underway by the Department to identify legislative options for the NEBS Pension Plan while ensuring these options are in the best interests of NWT residents and employers.

KEY ACTIVITY 1: FISCAL POLICY

Description

Fiscal Policy is responsible for providing research, analysis and recommendations on the fiscal policies of the government; monitoring economic conditions as they affect the government's fiscal position; providing macroeconomic research and policy advice; providing analysis and advice on Canadian and NWT tax policies; monitoring and advising on intergovernmental fiscal relations; and preparing the annual budget address. The Division also provides technical support for the Minister and Deputy Minister of Finance in federal-provincial-territorial discussions and represents the GNWT on intergovernmental Finance committees.

Major Program and Service Initiatives 2012-13

Overall
The Division continues to work to develop strategies for managing the GNWT's fiscal realities over the medium and long term, in terms of revenue generation, expenditure management and debt repayment strategies. Budget consultations are planned for September 2012 to seek input from NWT residents, businesses and governments on where they see opportunities for savings as well as how they see the GNWT allocating future fiscal resources to make investments to grow the economy and pay for social programs.

Tax Revenue
The Division continues to examine the GNWT's tax policy to better match its revenue structure with the government's economic, social and environmental objectives.

The Division will continue to ensure that tobacco and property tax rates are increased as appropriate to match inflation.

The Division continues its work to develop an efficient fee review procedure in order to maintain its commitment to inflation-adjust all department fees on a regular basis.

Federal Transfers
Legislation for some major federal transfer programs, including Canada Health Transfer, Canada Social Transfer, Territorial Formula Financing and Equalization ends March 31, 2014. The Canada Health Transfer and Canada Social Transfer have been renewed for 10 years to 2023-24.

Territorial Formula Financing and Equalization will be renewed for five years to 2018-19 under the current formulas. The division participates in continuing technical discussions between federal, provincial and territorial finance officials on possible improvements to these programs starting the 2014-15 fiscal year.

Self-government Negotiations
Self-government negotiations will continue over the planning period. Fiscal Policy will assist in financial negotiations.

Devolution
Discussions towards a final Devolution Agreement will continue, led by the Department of the Executive. Fiscal Policy will assist in financial negotiations, particularly those related to the determination of net fiscal benefit from the transfer of non-renewable resource revenues.

Macroeconomic Framework

The Division will continue monitoring the indicators developed for the Macroeconomic Framework and work towards increased awareness of the Framework and the set of criteria for assessing policy and investment choices within the GNWT.

Measures Reporting

Measure 1 – Regular, accurate forecasts of revenue are prepared

- Regular forecasts of revenues have been prepared. Corporate income tax revenues continue to be volatile and therefore difficult to forecast, however the Department is working with the Canada Revenue Agency and Finance Canada to improve ongoing reporting.

Measure 2 – Self-government and devolution negotiations progress within constraints of approved financial mandates of the GNWT

- Both Self-Government and devolution negotiations are continuing.
- Fiscal Policy will work with the devolution Main Table to properly define the net fiscal benefit for resource revenues as agreed to in the Agreement-in-Principle.
- Fiscal Policy will advise self-government negotiating tables on tax sharing and fiscal arrangements.

Measure 3 – Communication of the investment criteria of the Macroeconomic Policy Framework

- Raise awareness of the 14 investment criteria through presentations within the GNWT. Incorporate lessons from implementation experience into the guidelines.

Measure 4 – Fiscal independence

- GNWT own-source revenues represent about 25 per cent of total revenues.
- Fiscal Policy will prepare an annual report comparing GNWT's own-source revenues as a share of total revenues to the other Canadian jurisdictions.

Measure 5 – Personal tax rates

- The GNWT maintains personal tax rates lower than the average of Canadian provinces and territories.
- Fiscal Policy will prepare an annual report comparing the NWT personal income tax structures to the other Canadian jurisdictions.

Measure 6 - Corporate income tax rates

- The GNWT maintains corporate income tax rates lower than the average of Canadian provinces and territories.
- Fiscal Policy will prepare an annual report comparing the NWT corporate income tax rates to the other Canadian jurisdictions.

Measure 7 – Monitoring and assessing the performance of the NWT economy

- Prepare annual report for the "Indicators of Progress" as specified by the Macroeconomic Policy Framework.
- Prepare for internal GNWT distribution "Quarterly Economic Monitor"

KEY ACTIVITY 2: BUDGET, TREASURY, AND DEBT MANAGEMENT

Description

The Budget, Treasury and Debt Management Division is responsible for the management of the government's financial resources to ensure that public funds are properly budgeted and monitored, that the return on investments is maximized, and the government's cash and debt management costs are minimized within required risk parameters. The Division is also responsible for supporting the operations of the Financial Management Board (FMB), supporting the GNWT Public Private Partnership Policy and Management Framework, licensing and regulating insurance companies, agents, brokers and adjusters operating in the NWT, administering legislated tax programs, and administering the GNWT's insurance and self-insurance programs.

Major Program and Service Initiatives 2012-13

Fiscal Strategy Considerations

The 17th Legislative Assembly, like others before it, will need to establish and fund key strategic priorities in addition to ongoing operations. The establishment of a fiscal strategy is an essential element of the government's planning effort.

The specifics of the fiscal strategy will result from an examination of the current fiscal framework; projected needs for capital, strategic priorities and forced growth; and an approach to meet these needs. In considering these elements, guiding principles are:

- The GNWT must maintain a competitive business and responsible social environment
- The strength of the economy will be the key factor, over the long term, in determining what revenues are available for program and services
- The GNWT must recognize and plan for the cyclical nature of our revenues
- The GNWT needs to achieve sufficient operating surpluses to fund our capital needs and cannot afford to run deficits for an extended period of time
- The GNWT cannot incur debt to level where debt servicing costs are unaffordable or carve into program budgets
- Some debt, specifically that which supports economic infrastructure could be considered to maintain economic growth

Borrowing Framework

The GNWT has historically financed capital spending through available cash surpluses derived from operating activities and when required, short-term borrowing. Given the GNWT operations are susceptible to one-time revenue shocks (both increases and decreases), this approach is not always the most practical or cost effective. Therefore, it is important that the GNWT consider altering its approach to funding large infrastructure projects and develop a sound framework for borrowing.

Tax Administration

An initiative is in process to perform more community visits to continue the education of Tobacco Retailers regarding the rules and regulations that must be followed in accordance with the *Tobacco Tax Act*. Annual Retail Dealer inventory counts will also be conducted. In a related initiative, by increasing the awareness by use of advertising we will be educating the general public on what constitutes contraband tobacco and advertising how to contact us (anonymously or otherwise) with any suspected tobacco contraband activity. By asserting our presence in person and by advertisement in the communities, the Treasury Division may receive more information through 2nd party leads from the communities.

Risk Management & Insurance
Loss Control Surveys of 18 – 20 buildings will be conducted in Norman Wells and Inuvik, with the participation of the GNWT's insurers and insurance broker; tentatively scheduled for summer 2012.

Beginning in 2012, and in partnership with Office of the Fire Marshal and consultation with Public Works and Services, the Department will be implementing a Property Impairment Reporting Program which will formalize the required reporting of impairments to GNWT facilities' fire protection systems. The program will be initiated for a minimum of 150 building and will be rolled out across all GNWT facilities over the next year to 18 months.

The Department has established a Risk Management & Insurance shareware presence on the Finance webpage and will monitor and update content according to clients' needs.

The Department will begin collecting statistics on the number of reviews requested and completed for indemnity language and insurance requirements in contract negotiations.

Public Private Partnerships (P3)
The GNWT P3 Policy and management framework was approved in 2011. Work will continue to finalize a process convention for Standing Committee review of proposed P3's. The Department will be hiring a full time resource to support the implementation of the GNWT P3 Policy and management framework.

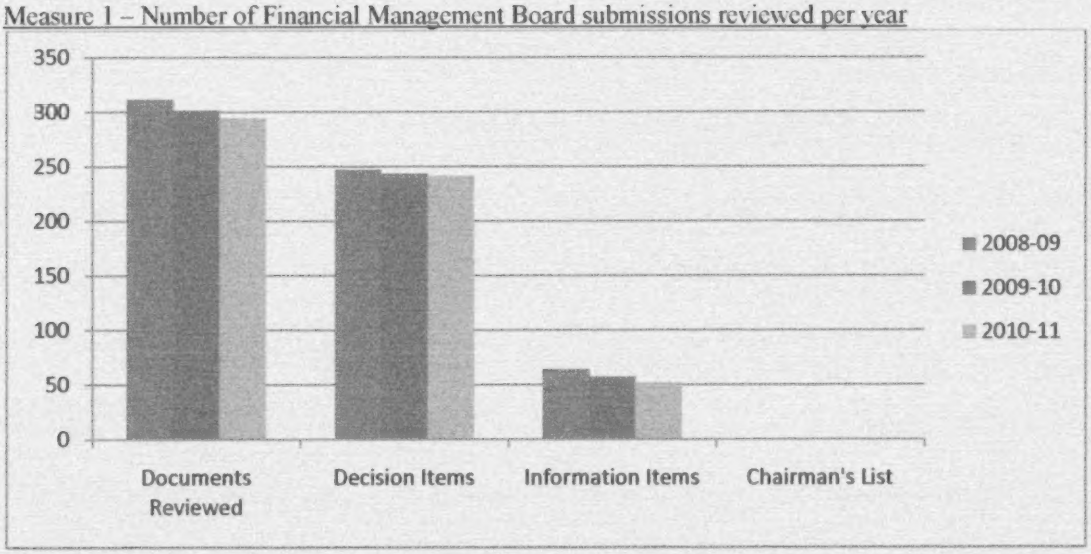
Mackenzie Valley Fibre Optic Project
The GNWT believes a Mackenzie Valley fibre link would be of benefit to the NWT as it would support the operation of the Inuvik Satellite Station Facility (ISSF), improve data communications for the GNWT and for communities along its route and help diversify the economy in the Mackenzie Valley.

Although the project is technically feasible, a key challenge will be to articulate the quantifiable costs and economic benefits alongside the more qualitative-type benefits (i.e. socio-economic) to Inuvik, the NWT and to Canada as well as the public policy objectives which the project could support.

The GNWT received confirmation from PPP Canada that its application for consideration under Round 3 of their funding program was approved. PPP Canada determined the MVFL project to meet all of their qualifying criteria and believe the project to be a strong P3 potential. In accordance with the GNWT's P3 Policy, a Business Case analysis will be undertaken and used to assess the viability of the project.

Measures Reporting

Measure 1 – Number of Financial Management Board submissions reviewed per year



Measure 2 – Accurate replacement values for Government Assets

- Accurate replacement values for over 200 government assets valued at over $1,000,000 and 16 GNWT owned fuel tank farms have been established, ensuring that accurate values have been submitted to insurers so that the appropriate insurance premium is charged for these assets and that appropriate recovery in the event of damage or loss can be achieved.
- Continuing the program and on a regional basis to reduce travel costs, 50 Buildings will be re-appraised (to ensure accurate replacement cost figures are maintained) or appraised for the first time in 2012-2013 in the Inuvik Region.

Measure 3 – Increased tax assessments for non-compliance with tax statutes

- A measure of the effectiveness of the Tax Audit function over a year
  - 2008-09: $17,755
  - 2009-10 $303,801
  - 2010-11: $782,847

Measure 4 – Compliance with the GNWT's Fiscal Responsibility Policy

- The Fiscal Responsibility Policy contains performance criteria on fiscal management and borrowing:

a) **Debt to Revenue** – Revenue growth compared to debt growth. An increasing ratio is indicates that rate of growth of debt growth is exceeding the rate of growth of revenue.
   - 2008-09: 0.58%
   - 2009-10: 0.63%
   - 2010-11: 0.61%

b) **Debt per Capita** – measure of debt burden of NWT residents. An increasing measure indicates debt burden per person is climbing.
   - 2008-09: $18,249

- 2009-10: $20,473
- 2010-11: $20,902

c) **Debt Servicing Costs** – Interest costs (consolidated)
- Goal – lowest 3rd among provinces/territories
  - 2008-09: $8,255,000 2nd lowest among provinces/territories
  - 2009-10: $16,490,000 3rd lowest among provinces/territories
  - 2010-11: $16,692,000 3rd lowest among provinces/territories

d) **Debt Servicing Costs as a per cent of Revenues** – measure of burden on revenues to finance debt payments
- Goal – Cannot exceed 5.0% of revenues
  - 2008-09: 0.6%
  - 2009-10: 1.2%
  - 2010-11: 1.1%

e) **Net Debt, as a per cent of GDP** – increasing percentage indicates economic growth is not exceeding rate of growth of debt
- Goal - lowest 4 among provinces/territories
  - 2008-09: 0.7% 3rd lowest among provinces/territories
  - 2009-10: 4.9% 3rd lowest among provinces/territories
  - 2010-11: 8.3% 4th lowest among provinces/territories

f) **Net Debt per Capita** – indicator of ability to finance activities and meet obligations
- Goal - lowest 4 among provinces/territories
  - 2008-09: $704 3rd lowest among provinces/territories
  - 2009-10: $5,114 4th lowest among provinces/territories
  - 2010-11: $8,739 5th lowest among provinces/territories

Measure 5 – GNWT Credit Rating

- A measure of sound fiscal policies, adherence to these policies and current and future debt burden:
  - Goal – maintenance of stable investment grade rating
    - 2008-09: Aa1 (Moody's)
    - 2009-10: Aa1 (Moody's)
    - 2010-11: Aa1 (Moody's)

KEY ACTIVITY 3: OFFICE OF THE COMPTROLLER GENERAL

Description

The Office of the Comptroller General is responsible for control of the administration of the consolidated revenue fund with respect to the receipt and payment of public money, accounting policy, the financial records of the GNWT, reporting responsibilities, financial analysis, advice and interpretation, internal auditing and related matters.

The Internal Audit Bureau provides an independent, objective assurance and consulting service to improve the GNWT's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

Accounting Services is responsible for the development of corporate accounting procedures and policies, administration and integrity of the government's financial information system, revenue, accounts receivable and accounts payable functions, making territorial power subsidy payments, management of the environmental liability fund, external financing reporting, and providing collections and credit granting functions.

Major Program and Service Initiatives 2012-13

Public Accounts
In partnership with Departments, additional initiatives will be taken to increase the effectiveness of producing the non-consolidated financial statements of the GNWT, including the completion of the Public Accounts and associated audit by the Office of the Auditor General. Increasing exposure of Department staff to the emerging reporting requirements being issued by the Public Standards Accounting Board (PSAB) will be undertaken. Steps will be taken to increase the quality of information provided for the preparation of the Public Accounts both from Departments and within the Department of Finance.

Internal Audit Bureau
The Internal Audit Bureau will take an increasing leadership role in introducing risk management concepts to Departmental Managers. Oversight and guidance will continue to be provided by the Internal Audit Committee. Where practical the Internal Audit Bureau will be working to co-ordinate its audit work with the Program Review Office in the Department of Executive.

System for Accountability and Management
Continuing emphasis will be placed on supporting Departments in gaining proficiency in the use of SAM. Efforts will be focused on assisting Managers to maximize their use of the data contained within the system by training them on the reporting tools that are available from the system. In addition, through the SAM Business Advisory Committee and SAM User Groups, opportunities to improve and streamline processes will be actively pursued. A strategic plan for the continued development and use of SAM as an Enterprise Resource Management (ERP) will be developed.

Financial Shared Services
As part of the Modern Management concept, the *Financial Administrative Renewal Strategy* and the *Financial Administrative Renewal Initiative Project Charter* were approved in 2007. Both the *Strategy* and the *Charter* included the proposal for a Financial Shared Services (FSS) Center for transaction-based activities including aspects of: accounts payable; general ledger; cashier and accounts receivable; financial systems operations; and other financial activities.

Planning is underway for the implementation of FSS Centres responsible for all financial transaction processing for all GNWT Departments and the Northwest Territories Housing Corporation (NWTHC). The establishment of FSS will allow for departments to focus on strategic financial management and program delivery rather than on administrative transaction processing functions. Departments will maintain the resources and responsibilities to do their own financial planning and analysis.

Implementation plans for a financial shared services model were developed in 2010-11. These plans include governance structure, service-level agreements, service delivery model, resource implications and an implementation schedule. GNWT Departments and the Northwest Territories Housing Corporation have been involved in the planning process.

The implementation strategy is based on a phased approach. Based on lessons learned it is important to test the organizational structure and new business processes on a smaller scale prior to implementation across the entire GNWT. Implementation is scheduled for the summer of 2012 in the Beaufort Delta Region initially, with the remaining regions being phased in over the 2012-13 and 2013-14 fiscal years, and headquarters in fiscal 2014-15. Funding for minor office renovations and fit up will be required to support the regional office implementation.

Measures Reporting

Measure 1 – Percentage of audit time on direct audits, unscheduled audits and professional development

The total available hours were allocated as follows:

Categories	2008-09	2009-10	2010-11
Operational audits	35%	25%	32%
Unscheduled audits	3%	13%	17%
Other indirect hours	24%	19%	22%
Professional Development hours	15%	11%	8%
Information technology audits	20%	29%	17%
Other consulting and audit hours	3%	3%	4%

Measure 2 – Number of audit staff with, or working towards, professional designations

Categories	2008-09	2009-10	2010-11
Staff with professional designation	2	7	5
Staff working on designation	3	2	2

Measure 3 – Number of irregularities

Categories	2008-09	2009-10	2010-11
Irregularities reported	6	8	5
Audit reports issued dealing with irregularities	2	3	2

Measure 4 – Percentage of work plan completed

- 2008-09: 60% of the annual audit work plan was initiated
- 2009-10: 35% of the annual audit work plan was initiated

- 2010-11: 35% of the annual audit work plan was initiated

Measure 5 – Financial system in place, processes transactions and meets needs

- Accounts Payable
  - 150,002 vouchers
  - 73,068 payments
  - 44,103 vouchers created and approved through TEMS and CMAS
- Accounts Receivable
  - 11,781 Deposits
  - 13,542 Bills
- Expenses
  - 10,184 Travel Authorizations
  - 11,709 Expense Reports
- General Ledger
  - 34,223 Journals created
- Project Costing
  - 2,571 Projects and associated Activities created and maintained
- Purchase Orders
  - 9,126 Purchase Orders
  - 2,226 Requisitions
  - Successful VISA Corporate Card Interface monthly
- Technical
  - Security Roles updated and monthly security reports submitted to DFA's
  - Enhancements to module functionality
  - Successful management of information received from HR
  - Minimal system outages

These activity measures indicate that the financial system is able to process a large volume of transactions and successfully pay vendors, and properly record transactions that reflect GNWT financial activity.

Measure 6 – Evidence that financial policies and directives are in place, readily accessible to users and regularly reviewed to keep current

- A process of issuing formal interpretations of FAM was instituted in 2010-11 to ensure consistency in application of policy when common issues have been identified.
- An inter-departmental committee was established to review and update the GNWT Procurement Procedures as required under FAM 3301, Government Contracts – General.
- FAM was transitioned to a revised webpage that is more user friendly that the previous version.

Measure 7 – Timeliness of the publication of Public Accounts

- In 2001, notwithstanding the *Financial Administration Act* deadline requirement for Public Accounts to be tabled on or before December 31 if the Legislative Assembly is in session, or no later than 15 days after commencement of the next session, the Standing Committee recommended a three-year timeline to progressively table the Public Accounts earlier, with a deadline of August 31 for 2003 and subsequent years. This timeline was not met for the year ended March 31, 2010. The Public Accounts were not tabled until May 2011. Delays were encountered with completing of audits of some of the Government entities that are consolidated in the Public Accounts. In addition there were protracted discussions with the Office of the Auditor General on the appropriate disclosure of some financial statement items.

Measure 8 – Evidence of adequate training sessions to demonstrate that employees are knowledgeable about financial procedures, policies and directives

- 218 participants received training through a variety of training techniques during the Fiscal year. Training information in the User Productivity Kit (UPK) tool has been updated and made available to users.
- Help desk tickets have declined by 1300 calls over the same period as last year with the majority of calls (60%) being security related (password resets and access requests). Of the 1300 fewer calls, business-process related calls have declined by 34% indicating a better understanding of business processes and procedures.

KEY ACTIVITY 4: OFFICE OF THE CHIEF INFORMATION OFFICER

Description

The Office of the Chief Information Officer (OCIO) is the lead for the development of an effective, comprehensive and current strategy for the development, management and use of the government's information resources in a manner that supports the government's strategic business goals and operational needs. The Division is also responsible for the GNWT's telecommunications policy.

Major Program and Service Initiatives 2012-13

Knowledge Management Strategy (KMS) Implementation
Completion and implementation of the renewed KMS will commence in 2012-13. Several new initiatives have been identified, and an implementation plan is presently being developed for 2012-13 through 2014-15.

Strategic Security Plan Implementation
The implementation of a Strategic Security Plan is essential to the GNWT in order to ensure that the information assets held in trust by the GNWT are secured in accordance with legislative and policy requirements. The plan will allow the GNWT to implement security best practices, tools and methodologies to protect electronic information, withstand scrutiny of internal and external audits and be cost effective and justifiable.

The ongoing activities in 2012-13 will include the completion of the environmental security scan of the GNWT's technology infrastructure and application system assets, to establish a high-level threat/risk analysis, prioritize risks, and identify mitigation measures. A review and update of the current Security Policy and Standards is planned, and the inclusion of any new requirements in light of environment security scans. Development of a government-wide Business Continuity Plan is also identified as a key initiative in the strategic security plan to begin in 2012-13.

Electronic Records and Document Management System (ERDMS)
The OCIO took on a coordinating role with the implementation of the ERDMS amongst government departments to ensure there was a coordinated approach to the selection and implementation of a common solution for government. The ERDMS will be used to store, organize, access and dispose of electronic business records.

The solution has been implemented in the Department of Public Works & Services, as well as the Legal Registries division of the Department of Justice. In 2012-13 the OCIO will lead the implementation of the solution in the three department: Environment and Natural Resources, Industry Tourism & Investment and Municipal and Community Affairs.

GNWT Participation in CRTC Regulatory Matters
The GNWT's goal is to ensure that the interests of the GNWT and NWT residents are fully considered with respect to any decisions the Canadian Radio-Television and Telecommunications Commission (CRTC) and/or the Government of Canada may take with respect to existing regulated telecommunication services or other services (i.e. wireless, voice-over-internet-protocol (VOIP), internet, and satellite).

The key activities regarding CRTC regulatory matters are:
- Improve GNWT awareness of the CRTC regulatory environment.

- Identify issues of concern to the GNWT arising from CRTC regulatory actions.
- Develop and present the GNWT's positions on matters, as needed.

Measures Reporting

Measure 1 – Knowledge Management Strategy

- A renewal of the KMS was undertaken during 2011-12 to reflect changes in both the business environment of the GNWT and the technological changes that have occurred since the development of the original KMS in 2002. The revised KMS will be finalized and submitted for approval in 2012-13.

  The establishment of specific performance measures is a key initiative identified in the renewed strategy, and will be part of an exercise conducted with the Informatics Policy Council (IPC) in 2012-13. It is expected that these measures will include determining the value of capital investments in IT, better outcomes (on-time, on-budget) for major IT initiatives, benchmark comparisons for overall IT spending as compared to other governments and the increase in the use of IT for the delivery of programs and services online. A measurement framework is required to clearly demonstrate how IT adds value and ultimately improves GNWT operational efficiency and effectiveness as well as the delivery and accessibility of programs and services to Northerners.

Measure 2 – Strategic Security Plan

- The ongoing implementation of the Strategic Security Plan will result in the following measures:
  - A complete and approved Electronic Information Security Management Framework
  - Improved awareness of the Security Framework by all GNWT staff
  - A working Security Incident Response Plan for the GNWT
  - Ongoing provision of expert advice on security and security-related issues

Measure 3 – CRTC Regulatory Matters

- The ongoing monitoring of and participation in CRTC regulatory matters will result in the following measures:
  - Identification of key issues to both the GNWT specifically and the NWT in general resulting from CRTC regulatory hearings
  - The development of a GNWT position(s) on these issues
  - Participation in the CRTC hearings (if required)

Measure 4 – Change Management Leadership

- The OCIO will be providing Change Management service offering for departmental projects which require Change Management advice on their Information Management, Information Systems and Information Technology projects. The following measures will be established:
  - Identification of demand levels for Change Management advice, including but not limited to IM/IS/IT initiatives
  - Establishment of baseline service offering, tools, templates and best practice guidance for projects and departments
  - Project acceptance ratings before and after Change Management processes are implemented

KEY ACTIVITY 5: LIQUOR REVOLVING FUND

Description

The Liquor Revolving Fund is established under the *Liquor Act* and provides working capital to finance the operations of the Liquor Licensing Board (Board), Liquor Licensing and Enforcement and the Liquor Commission (Commission).

The Liquor Licensing Board holds compliance hearings when violations of the *Liquor Act* and Regulations are brought forward by Enforcement. The Board also issues liquor licenses and permits.

Liquor Licensing and Enforcement is responsible for the enforcement of the Act and to provide training to licensees and permit holders on their obligations under the Act. Communities wishing to exercise their options under the *Liquor Act* receive assistance from Licensing and Enforcement.

The Liquor Commission is responsible for the purchase, warehousing, distribution and sale of all alcoholic beverages in the Northwest Territories.

The Board, Liquor Commission and Liquor Licensing and Enforcement are funded by the sale of alcoholic beverages.

Major Program and Service Initiatives 2012-13

Liquor Commission

Store contracts in Yellowknife, Inuvik, Norman Wells and Simpson will be expiring within the next three years. An assessment of the store models performance and consideration for changes in the local or regulatory environment will be needed prior to proceeding with procurement. An investigation of liquor store requirements will be conducted with continued development of business models that will deliver best results for liquor distribution in each community with liquor store service.

The recent deregulation of the Norman Wells store is expected to influence a challenge to the status of the other designated store in Fort Simpson and to liquor legislation. Research and analysis will be undertaken on the best approach including options for further development of regulations relevant to liquor stores and liquor sales and distribution.

Licensing and Enforcement

The Licensee Handbook and forms will be accessible on line and licensees will be encouraged to use this means of communication where possible.

Continue to educate licensees and their staff on the *Liquor Act* via Server training, newsletters and other communications tools.

Communities will continue to be advised of their options under the *Liquor Act* and will be provided with information on a yearly basis and when required for specific requests.

Measures Reporting

Measure 1 - Liquor net income ratio will be equal to at least 50 percent of gross liquor revenue

- The NWT Liquor Commission achieved financial targets in the 2010-11 and is on target to meet the financial targets again this year. Net income ratio the past five years has exceeded the target 50% and is estimated to be higher than 50% in the current fiscal 2011-12 and in the fiscal year 2012-13.

- Five year performance History:

For the year ended March 31	2011	2010	2009	2008	2007
Net profit as a percentage of sales	52.6	52.2	51.1	51.2	51.7

Measure 2 - Number of violations by liquor store operators

- There was excellent operational compliance with contracts, regulation and legislation by the liquor store and warehouse operators this year. The operations of all liquor outlets are monitored monthly and visited periodically by headquarters management.

Measure 3 - Number of social responsibility campaigns and programs

- During the fiscal year the Liquor Commission participated on the Canadian Liquor Jurisdictions' Social Responsibility Committee, working to provide products that are socially responsible, and incorporated responsible messaging into product sales. In addition the Liquor Commission actively promoted the following seven programs throughout the year.

    - Techniques of Alcohol Management, a liquor store server program.
    - Check 25, a program intended to prevent service to minors.
    - Alcohol warnings, messaging targeted to pregnant mothers and operators of motorized vehicles.
    - FSAD poster and brochure campaign.
    - Be prepared to talk to your children about alcohol booklet provides information regarding alcohol and youth and was available in our stores and to relevant institutions such as schools, medical clinics and drug and alcohol committees.
    - #TAXI, a program that facilitates the easy access to TAXI services through a common cell phone number (#TAXI).

Measures 4 - Operations are managed efficiently and comply with legislation, regulation and policy

- The operational structure of the Liquor Commission consists of a headquarters administrative staff of nine and a network of seven stores and two warehouses, operated by private contractors. Five of the private agency stores operate with inventory on consignment from the Commission and the two Yellowknife stores purchase inventory directly from the Yellowknife warehouse. Sales to consumers and licensees are realized through their purchase of liquor products from the consignment stores and warehouses, and the sales of the two private Yellowknife stores are realized through their purchase of products from the warehouse. The operating cost to deliver the sales and administration is 11% of sales revenue.

Measure 5 - Education of licensees with regard to the *Liquor Act*

- 100% of all licensees were provided with a licensee handbook and a copy of the *Liquor Act* and *Regulations*.
- 100% of requests from licensees for server training were delivered within 3 months of the request.

Measure 6 - Training of Liquor Inspectors

- All new inspectors received one-on-one training and all inspectors are provided with on-going support.

Measure 7 - Provide advice to communities (community options)

- Communities are provided with general information on community options

c) Responding to Priorities of the 17th Assembly

Priority 1 – Build a Strong and Sustainable Future for our Territory

Description
Achieving an increase to our borrowing limit

Actions to Date
In March 2012, it was announced that the federally-imposed borrowing limit would be raised to $800 million from $575 million.

Planning Actions for 2012-13
Finance will continue to work with Finance Canada on finalizing the proposed regulations and amend the required NWT Legislation and Policy to ensure consistency.

Participating Departments
None

Priority 3 – Strengthen and Diversify our Economy

Description
- Making strategic infrastructure investments such as:
  - Mackenzie Valley Fibreoptic Link

Actions to Date
The project was screened in by P3 Canada for consideration under Round 3 of the P3 Canada Fund. Finance is completing a business case analysis to assess the viability of the project, risks, socio-economic benefits, and potential procurement strategies.

Planning Actions for 2012-13
Once the project business case is completed, reviewed by Standing Committee and approved by the GNWT, the results will be presented to the P3 Canada Board for consideration under Round 4 of funding.

Participating Departments
Public Works and Services

Member Priorities

Description
Find new revenue sources

Actions to Date
Finance has lead Revenue Roundtables with the private sector focusing on revenue generation for the past several years.

Planning Actions for 2012-13
Finance will assess increases to tobacco, liquor and property tax rates to match inflation as appropriate. Department fees will be inflation-adjusted on a regular basis. Finance will also continue to propose new potential revenue sources for consultation. Work will continue with the federal government to ensure adequate federal transfers from Territorial Formula Financing and other Federal transfers.

Participating Departments
All

The Department of Finance is also a participating department in the following activities:

- Negotiating and implementing a devolution final agreement;
- Making strategic infrastructure investments such as the Inuvik-Tuktoyaktuk highway;
- Find efficiencies government-wide, possibly conducting zero-based reviews of one of more Departments;
- Work with Health and Social Services to prepare and negotiate the renewal of the Territorial Health System Sustainability Initiative; and
- Develop a medium to long-term capital plan which reflects the *Fiscal Responsibility Policy* and new borrowing limit

d) Infrastructure Investments

Planned Activities – 2012-13

Electronic Records and Document Management System
A capital budget of $500,000 was approved for 2009-10 to conduct a detailed analysis across government and determine the common business needs/requirements with respect to electronic records and documents. This phase of the project was completed in April 2010 and involved meeting with over 200 GNWT employees across all departments, including the NWT Housing Corporation and facilitating workshops to determine how information (paper and electronic) is managed today and identifying requirements to be addressed.

The second phase of the project identified and selected (through a competitive RFP process) a solution that best meets the common needs of the organization. This phase completed in late 2010. A pilot implementation was completed in the Department of Public Works and Services in 2011-12.

The solution will be implemented in three additional departments in 2012-13, including ENR, ITI and MACA.

Security Infrastructure Tools and Improvements
The OCIO will create a Disaster Recovery and Business Continuity plan for the GNWT, as well as the introduction of specific Security related tools to assist with the acquisition of Intrusion Detection and Prevention tools (hardware and software) that will provide better protection and reporting around potential malicious intrusions and attempted intrusions in the GNWT's IT environment.

System for Accountability and Management Strategic Plan
A strategic plan will be developed for SAM outlining potential increases in functionality to meet other GNWT information and business needs. The plan will also address the timing and magnitude of version upgrades and ongoing coordination with the Department of Human Resources Peoplesoft System.

e) Legislative Initiatives

Planned Activities – 2012-13

Territorial Borrowing Limit

A review is currently underway by Finance Canada and the GNWT to create regulations that will clearly define what is included in the territorial borrowing limit for all three territories. The new borrowing limit will include borrowing instruments that are not covered by the current limit, including loan guarantees and capital leases.

The FAA, which provides the Financial Management Boards' legislative authority, will have to be amended to reflect the new definition of borrowing. It is anticipated that a Legislative Proposal will be entered into the legislative review process in late 2012-13, following the release of regulations outlining the new definition by Finance Canada.

Financial Administration Act

The last major review of the FAA was undertaken in 1987. As a result of the changes in the operating environment and other issues that have arisen over time, the current FAA no longer effectively meets the needs of GNWT operations.

A Legislative Proposal to amend the FAA has been drafted and will be entered into legislative review process in early 2012-13. If approved, legislative drafting will be required to amend the FAA to align the legislation with the GNWTs' current operating environment and best practices; also providing a legislative framework for improved accountability and effective and efficient use of government resources.

Petroleum Products Tax Act

A proposal to amend the *Petroleum Products Tax Act* will be submitted to the 17th Assembly. The changes in the redrafted legislation will be largely administrative in nature, and should have no impact on the majority of end users who purchase petroleum products from retail dealers. There will be an impact on retail dealers and operators of bulk storage facilities as the new legislation is intended to require them to register with the GNWT, as is the case with tobacco product retailers. The immediate impact of the changes resulting from the PPTA rewrite will fall mainly on smaller volume collectors who will no longer be eligible for collector status, and monthly and quarterly periodic reporters who will no longer be able to claim refunds for excessive tax on fuel use.

Northern Employee Benefits Services

The Department continues to work on solutions to the regulatory and financial issues affecting the NEBS Pension Plan. Research is currently underway by the Department to identify legislative options for the NEBS Pension Plan while ensuring these options are in the best interests of NWT residents and employers.

Tax Legislation

The Department typically amends legislation in order to implement any tax initiatives in the annual territorial budget. These initiatives generally cannot be known in advance. Amendments to NWT tax legislation may be proposed following revenue consultations.

f) Human Resources

Overall Human Resource Statistics

All Employees

	2011	%	2010	%	2009	%	2008	%
Total	111	100	108	100%	109	100%	97	100%
Indigenous Employees	53	48%	48	44%	48	44%	47	49%
Aboriginal	31	28%	26	24%	27	25%	23	24%
Non-Aboriginal	22	20%	22	20%	21	19%	24	25%
Non-Indigenous Employees	58	52%	60	56%	61	56%	50	51%

Note: Information as of December 31 each year.

Senior Management Employees

	2011	%	2010	%	2009	%	2008	%
Total	12	100%	12	100%	11	100%	13	100%
Indigenous Employees	5	42%	5	45%	4	36%	5	39%
Aboriginal	2	17%	1	9%	1	9%	1	8%
Non-Aboriginal	3	25%	4	36%	3	27%	4	31%
Non-Indigenous Employees	7	58%	7	55%	7	64%	8	61%
Male	10	83%	10	83%	9	82%	10	77%
Female	2	17%	2	17%	2	18%	3	23%

Note: Information as of December 31 each year.

Non-Traditional Occupations

	2011	%	2010	%	2009	%	2008	%
Total	20	100%	10	100%	13	100%	11	100%
Female	6	30%	3	30%	4	31%	2	18%
Male	14	70%	7	70%	9	69%	9	82%

Note: Information as of December 31 each year.

Employees with Disabilities

	2011	%	2010	%	2009	%	2008	%
Total	1	1%	1	1%	1	1%	1	1%

Note: Information as of December 31 each year.

Position Reconciliation

This information differs from the employee information on the preceding page; Human Resource information reflects actual employees as of December 31 each year. The information presented below reflects position expenditures approved through the budget process for each fiscal year.

Active Positions

Summary:

	2011-12 Main Estimates	**Change**	**2012-13 Main Estimates**
Total	120	3	123
Indeterminate full-time	107	3	110
Indeterminate part-time	-	-	-
Seasonal	-	-	-
Liquor Revolving Fund	13	-	13

Adjustments During the Year:

Position	Community	Region	Added/ Deleted	Explanation
P3 Analyst	Yellowknife	HQ	Added	Support P3 Policy and Framework
Fuel Tax Officer	Yellowknife	HQ	Added	Taxation Support
Change Management Leader	Yellowknife	HQ	Added	Support Departmental Projects

Other Human Resource Information

The Department of Human Resources has launched a long-term human resources strategy for the public service entitled, *20/20: A Brilliant North*. Among other initiatives, this strategy provides a framework for the development of departmental human resource plans, including succession plans and affirmative action plans.

The tables below indicate statistics on departmental human resource activities with respect to summer students, interns and transfer assignments for 2011. The information is current as of December 31, 2011.

Summer Students				
Total Students	Indigenous Employees (Aboriginal + Non Aboriginal	Indigenous Aboriginal	Indigenous Non-Aboriginal	Non-Indigenous
10	10	5	5	-

Interns				
Total Interns	Indigenous Employees (Aboriginal + Non Aboriginal	Indigenous Aboriginal	Indigenous Non-Aboriginal	Non-Indigenous
1	1	1	-	-

Transfer Assignments (In)				
Total Transfer Assignments	Indigenous Employees (Aboriginal + Non Aboriginal	Indigenous Aboriginal	Indigenous Non-Aboriginal	Non-Indigenous
13	5	3	2	8

Transfer Assignments (Out)				
Total Transfer Assignments	Indigenous Employees (Aboriginal + Non Aboriginal	Indigenous Aboriginal	Indigenous Non-Aboriginal	Non-Indigenous
2	1	1	-	1

Activities Associated with Staff Training & Development

The Department allocated financial resources and identifies training and development opportunities for employees to demonstrate its commitment to the professional growth of staff. Examples include:

- Six employees were enrolled in project management specific training.
- One employee received the Project Management Professional designation.
- Two employees registered in the Managers Leadership Development program.
- Three employees enrolled in the GNWT Leadership Training program.
- Six employees enrolled in Financial Accounting Courses.
- One employee is enrolled in the Bachelor of Commerce program.
- Two employees received Financial Modeling specific training.
- Four employees are enrolled in the CGA program.
- Five employees received Consultation Framework Training.

- Four employees are pursuing a Professional Auditing Designation.
- One employee acquired a Professional Auditing Designation.
- One employee received Change Management training and certification.
- Staff attended various training sessions, conferences and sessions during the year for work purposes, development purposes and/or to maintain professional designations.

g) Information Systems and Management

Overview

System for Accountability and Management

The Department of Finance is responsible for the operation of the GNWT's System for Accountability and Management which is the government's financial information system. The system is integrated with Peoplesoft Human Capital Management system which is operated by the Department of Human Resources. In addition, the system interfaces with several stand-alone financial systems in various departments. It also captures information associated with procurement activities before the GNWT actually enters into any contractual obligations.

As a corporate information system, the Department has instituted an inter-departmental Executive Steering Committee to oversee the strategic planning and direction of the system. An interdepartmental SAM Business Advisory Committee provides on-going operational advice to the management group responsible for maintaining the system. In addition, a user group has been established to maintain ongoing feedback on the performance of the system and opportunities for improvement.

Planned Activities - 2012-13

System for Accountability and Management

At the time that Oracle PeopleSoft Financials was selected as our ERP of choice the GNWT purchased a large suite of modules that were to be implemented over 2 or 3 continuous phases. The current project is the GNWT's first move towards expanding the functionality with the previously uninstalled modules and expanding the ERP into non-transactional type activities. This initiative is part of the GNWT's overall ERP system strategy for its intended use of Oracle PeopleSoft Financials.

Strategic Sourcing

PeopleSoft Enterprise Strategic Sourcing will provide the GNWT/NWTHC the power to streamline its RFX (request for quote, request for proposal, and so forth) processes, conduct real-time auctions, and strategically award contracts and purchase orders.

Supplier Contract Management

PeopleSoft Enterprise Supplier Contract Management is the application that creates and enforces better supplier contracts. It is a key component of Oracle's PeopleSoft Enterprise Supplier Relationship Management (SRM), the integrated suite that can dramatically reduce the client's supply management costs. Supplier Contract Management is built with Clause and Contract functionality that can take the data currently residing in a file system and bring it into the database. This can help automate the negotiation between GNWT and key suppliers

The functionality of these two modules will make it possible for the GNWT/NWTHC to use one ERP system (SAM) for the majority of the Procure-to-Pay process. The scope of the project will include incorporating the functionality and requirements of the current GNWT/NWTHC Legacy Systems so that their use can be discontinued.

Project & Portfolio Management

The OCIO will continue efforts to provide consistent Project Management tools and Application Lifecycle Management tools and processes for departments in 2012-13. A current pilot project within Health and Social Services, Environment and Natural Resources/Industry, Tourism and Investment's Shared Services and the Technology Services Centre will be expanded in 2012-13 to include remaining departments interested in using the product to help gain control of the management of their departmental projects and applications. This will include roll out of a common training curriculum for new users as well as creation of common reports and interfaces to help departments see trends, do better forecasting and planning both within the IS/IT divisions as well as for the departmental business plans.

The technology to be used is delivered through a Software-as-a-Service delivery model, whereby the GNWT purchases the "service" from a vendor for a monthly fee per user. This reduces the need for large capital expenditures to purchase and maintain the software in-house. The product does not capture any personal or sensitive information, and therefore no ATIPP or security concerns are raised. This delivery model presents a very economical solution at a reasonable price. Departments are expected to pay for their individual license costs through their operations budgets.